

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NORTH DAKOTA**

In Re:

The Ruins, LLC,

Debtor.

Case No.: 25-30004

Chapter 11

**AFFIDAVIT OF CHARLES AARESTAD**

**RE: FIRST RUINS NOTE**

STATE OF MINNESOTA            )  
  ) SS  
COUNTY OF NORMAN            )

I, Charles Aarestad, hereby state and declare as follows:

1. I am a Sr. Vice President at Red River State Bank ("RRSB" or "Creditor"). I have held my current position since 2011.

2. I hold a Bachelor's Degree in Agricultural Economics from North Dakota State University. I have also attended the Graduate School of Banking at the University of Wisconsin-Madison.

3. I am personally familiar with the loan history between RRSB and The Ruins, LLC (the "Debtor") and have reviewed bank statements, transaction receipts, deposits, and checks of the Debtor and Craig Development, LLC, and Craig Properties LLC's bank account at First Community Credit Union ("FCCU") which were obtained through a subpoena issued in the Debtor's Chapter 11 bankruptcy case.

**The First Ruins Note**

4. RRSB's three (3) loans to Debtor (collectively, the "RRSB Notes") are described in Amended Proof of Claim No. 1 filed by RRSB in the Debtor's bankruptcy case (the "Amended RRSB POC"). This Affidavit concerns the instrument referred to in the Amended RRSB POC and hereinafter as the "First Ruins Note."

5. Debtor made in favor of, executed, and delivered to RRSB a Promissory Note dated March 9, 2022, in the original principal sum of \$7,740,000.00 ("First Ruins Note"). The maturity date of the First Ruins Note is March 15, 2027. Interest accrues on the unpaid principal balance at a rate of 4.250% per annum. Pursuant to the First Ruins Note, the repayment obligation was as follows:

- a. Eighteen (18) monthly consecutive interest payments from April 15, 2022, through September 15, 2023.
- b. Forty-one (41) monthly consecutive principal and interest payments of \$42,390.00 each from October 15, 2023, through February 15, 2027.
- c. One (1) final principal and interest payment on March 15, 2027, comprised of all principal and accrued interest not yet paid, a sum estimated to be \$7,105,121.10 if all payments were made exactly as scheduled.

A true and correct copy of the First Ruins Note is attached as **Exhibit A** and incorporated by reference.

**Disbursement of Loan Proceeds**

6. Pursuant to the Loan Disbursement Request and Authorization contemporaneously executed by Debtor ("First Ruins DRA"), loan proceeds for the First Ruins Note were authorized for disbursement as follows:

**DISBURSEMENT INSTRUCTIONS.** Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$7,740,000.00 as follows:

Amount paid to others on Borrower's behalf:	\$7,740,000.00
\$7,740,000.00 to The Ruins, LLC / Craig Development LLC	
<b>Note Principal:</b>	<b>\$7,740,000.00</b>

**CHARGES PAID IN CASH.** Borrower has paid or will pay in cash as agreed the following charges:

<b>Prepaid Finance Charges Paid in Cash:</b>	<b>\$20,555.70</b>
\$15,480.00 Loan Documentation & Origination Fee	
\$65.00 Laser Pro Loan Document Fee	
\$10.70 Credit Report	
\$5,000.00 CBRE Appraisal	
<b>Other Charges Paid in Cash:</b>	<b>\$12,005.00</b>
\$11,900.00 Dakota Title - Title Work and Title Insurance	
\$55.00 Dakota Title - Handling and Recordation Fees	
\$50.00 SD UCC-1 Filing & Search	
<b>Total Charges Paid in Cash:</b>	<b>\$32,560.70</b>

As referenced in the First Ruins DRA, Craig Properties, LLC paid the sum of \$32,560.70 by check for title work, closing costs, etc. True and correct copies of the First Ruins DRA and the above-referenced check are attached as **Exhibit B** and incorporated by reference.

7. The loan proceeds were periodically disbursed to The Ruins, LLC and/or Craig Development, LLC into either the RRSB checking account for the Ruins, LLC ending in -3782 ("RRSB Ruins Account") or the Craig Properties LLC Checking Account ending -4695 at FCCU (the "FCCU Craig Properties Account").

8. Loan proceeds for the First Ruins Note in the total sum of \$7,735,709.77 were advanced in five (5) disbursements as follows:

Disbursement No.	Disbursement Description	Exhibit Description	Exhibit No.
1	On March 11, 2022, the opening advance of the First Ruins Note in the sum of <b>\$2,952,702.33</b> was disbursed by RRSB pursuant to a wire transfer to the FCCU Craig Properties Account.	Loan Wire Transfer Order dated March 11, 2022; Email from United Bankers' Bank confirming the outgoing wire; and FCCU Craig Properties Account Statement dated March 31, 2022 (See p. 3).	C-1

2	On March 23, 2022, the second advance of the First Ruins Note in the sum of <b>\$181,947.80</b> was disbursed by RRSB pursuant to a deposit into the RRSB Ruins Account.	RRSB Checking Deposit Slip and Loan Debit Ticket dated March 23, 2022; and RRSB Ruins Account Statement dated through March 31, 2022.	<b>C-2</b>
3	On April 8, 2022, the third advance of the First Ruins Note in the sum of <b>\$2,274,820.42</b> was paid by RRSB pursuant to a deposit into the RRSB Ruins Account.	RRSB Checking Deposit Slip and Loan Debit Ticket dated April 8, 2022; and RRSB Ruins Account Statement dated through April 29, 2022.	<b>C-3</b>
4	On May 10, 2022, the fourth advance of the First Ruins Note in the sum of <b>\$1,478,434.10</b> was paid by RRSB pursuant to a deposit into the RRSB Ruins Account.	RRSB Checking Deposit slip and Loan Debit Ticket dated May 10, 2022; and RRSB Ruins Account Statement dated through May 31, 2022.	<b>C-4</b>
5	On June 10, 2022, the fifth and final advance of the First Ruins Note in the sum of <b>\$852,095.36</b> was paid by RRSB pursuant to a deposit into the RRSB Ruins Account.	RRSB Checking Deposit slip and Loan Debit Ticket dated June 10, 2022; and RRSB Ruins Account Statement dated through June 30, 2022.	<b>C-5</b>

### **Payment History**

9. Sixteen (16) payments for the First Ruins Note were received and applied to the outstanding balance of the First Ruins Note as follows:

<b>Payment No.</b>	<b>Payment Description</b>	<b>Exhibit Description</b>	<b>Exhibit No.</b>
1	Payment of <b>\$12,520.24</b> was received on April 21, 2022, and applied to accrued interest.	Craig Development, LLC Check No. 10229 in the amount of \$12,520.54; and RRSB Loan Credit Slip dated April 21, 2022.	<b>D-1, E &amp; F</b>
2	Payment of <b>\$25,040.48</b> was received on May 12, 2022. \$20,750.24 was applied to accrued interest and \$4,290.24 was applied to principal.	The Ruins, LLC Check No. 137 in the amount of \$25,040.48; and RRSB Loan Credit Slip dated May 12, 2022.	<b>D-2, E &amp; F</b>

3	Payment of <b>\$53,224.33</b> was received on July 14, 2022, and applied to accrued interest.	The Ruins, LLC Check No. 160 in the amount of \$25,704.29; The Ruins, LLC Check No. 185 in the amount of \$25,706.25; The Ruins, LLC Check No. 188 in the amount of \$1,813.79; and RRSB Loan Credit Slip dated July 14, 2022.	<b>D-3, E &amp; F</b>
4	Payment of <b>\$27,922.73</b> was received on August 18, 2022, and applied to accrued interest.	The Ruins, LLC Check No. 207 in the amount of \$27,922.73 and RRSB Loan Credit Slip dated August 18, 2022.	<b>D-4, E &amp; F</b>
5	Payment of <b>\$27,922.74</b> was received on September 22, 2022, and applied to accrued interest on September 23, 2022.	Craig Development, LLC Check No. 10898* in the amount of \$40,251.76 and RRSB Loan Credit Slip dated September 22, 2022. * Check 10898 was divided between the First and Second Ruins Notes. See Second Ruins Note Aff. ¶ 8, Row 1 and <b>Exh. E-1</b> .	<b>D-5, E &amp; F</b>
6	Payment of <b>\$27,021.99</b> was received on October 20, 2022, and applied to accrued interest.	Craig Development, LLC Check No. 11070 in the amount of \$27,021.99 and RRSB Loan Credit Slip dated October 20, 2022.	<b>D-6, E &amp; F</b>
7	Payment of <b>\$54,944.74</b> was received on December 9, 2022, and applied to accrued interest.	Craig Development, LLC Check No. 11353* in the amount of \$76,315.63 and RRSB Loan Credit Slip dated December 9, 2022. * Check 11353 was divided between the First and Second Ruins Notes. See Second Ruins Note Aff. ¶ 8, Row 2 and <b>Exh. E-2</b> .	<b>D-7, E &amp; F</b>
8	Payment of <b>\$55,845.46</b> was received on February 14, 2023, and applied to accrued interest.	Craig Development, LLC Check No. 11610* in the amount of \$77,566.70 and RRSB Credit Ticket backdated to February 14, 2023. * Check 11610 was divided between the First and Second Ruins Notes. See Second Ruins Note Aff. ¶ 8, Row 3 and <b>Exh. E-3</b> .	<b>D-8, E &amp; F</b>
9	Payment of <b>\$54,944.73</b> was received on April 17, 2023, and applied to accrued interest.	Craig Development, LLC Check No. 11863* in the amount of \$76,315.62 and RRSB Loan Credit Slip dated April 17, 2023.	<b>D-9, E &amp; F</b>

		* Check 11863 was divided between the First and Second Ruins Notes. See Second Ruins Note Aff. ¶ 8, Row 4 and <b>Exh. E-4</b> .	
10	Payment of <b>\$25,220.54</b> was received on May 16, 2023, and applied to accrued interest.	Craig Development, LLC Check No. 11927* in the amount of \$35,030.13 and RRSB Loan Credit Slip dated May 16, 2023. * Check 11927 was divided between the First and Second Ruins Notes. See Second Ruins Note Aff. ¶ 8, Row 5 and <b>Exh. E-5</b> .	<b>D-10, E &amp; F</b>
11	Payment of <b>\$27,922.73</b> was received on June 29, 2023, and applied to accrued interest.	Craig Development, LLC Check No. 12095 in the amount of \$27,922.73 and RRSB Loan Credit Slip dated June 29, 2023.	<b>D-11, E &amp; F</b>
12	Payment of <b>\$27,022.00</b> was received on July 19, 2023, and applied to accrued interest.	Craig Development, LLC Check No. 12157* in the amount of \$37,532.28 and RRSB Loan Credit Slip dated July 19, 2023. * Check 12157 was divided between the First and Second Ruins Notes. See Second Ruins Note Aff. ¶ 8, Row 7 and <b>Exh. E-7</b> .	<b>D-12, E &amp; F</b>
13	Payment of <b>\$27,922.73</b> received on August 31, 2023. The same sum was applied to accrued interest.	Craig Development, LLC Check No. 12247 in the amount of \$27,922.73 and RRSB Loan Credit Slip dated August 31, 2023.	<b>D-13, E &amp; F</b>
14	Payment of <b>\$27,922.74</b> received on October 17, 2023. The same sum was applied to accrued interest.	Craig Development, LLC Check No. 12505 in the amount of \$10,860.61; RRSB General Ledger Debit Slip dated October 17, 2023, and memorializing a Ruins ACH payment in the amount of \$17,062.13; and RRSB Loan Credit Slip dated October 17, 2023.	<b>D-14, E &amp; F</b>
15	Payment of <b>\$27,021.99</b> was received on November 13, 2023, and applied to accrued interest.	Craig Development, LLC Check No. 12581* in the amount of \$37,532.27; and RRSB Loan Credit Slip dated November 13, 2023. *Check 12581 was divided between the First and Second Ruins Notes. See Second Ruins Note Aff., ¶ 8, Row 10 and <b>Exh. E-10</b> .	<b>D-15, E &amp; F</b>

16	Pursuant to right of offset, <b>\$670.08</b> remaining in the Ruins Account was applied to principal on February 8, 2024.	RRSB Checking Withdrawal Slip dated February 7, 2024; and RRSB Loan Credit Slip dated February 7, 2024.	<b>D-16, E &amp; F</b>
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No further payments have been made by the Debtor towards the outstanding balance of the First Ruins Note.

10. An Inquiry Statement for the First Ruins Note generated by RRSB's computer system is attached as **Exhibit E** and incorporated by reference. The Inquiry Statement does not include a running balance but only identifies advances on the loan, late fees accrued, and application of payments.

11. For the convenience of the parties and the Court, a printout of an Excel spreadsheet depicting the accrual of interest and late fees pursuant to the First Ruins Note and the application of all payments received by RRSB for the First Ruins Note is attached as **Exhibit F** and incorporated by reference.

12. The following table included in the Attachment to the Amended RRSB POC filed September 11, 2025, lists the outstanding balance of the First Ruins Note as \$8,169,647.92:

**Indebtedness:**


The following sums are due and owing to RRSB with respect to the Ruins Notes as of January 6, 2025:

NOTE	BALANCE	PER DIEM INTEREST ACCRUAL
First Ruins Note	\$8,169,647.92	\$900.66
Second Ruins Note	\$2,911,499.84	\$346.47
Third Ruins Note	\$ 577,183.49	\$106.38
Total due under the Ruins Notes together with interest accruing from and after January 6, 2025, excluding* costs and attorneys' fees incurred:	<u>\$11,658,331.25</u>	

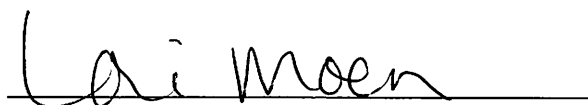
See Amended RRSB POC, p. 6.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 12 day of September, 2025.

  
Charles Aarestad

Subscribed and sworn to before me this 12 day of September, 2025.

  
Notary Public

